

NOTICE OF INTENT

Department of Revenue Policy Services Division

Corporation Franchise Tax (LAC 61:I.309)

Under the authority of R.S. 47:609 and 1511 and in accordance with the provisions of the Administrative Procedure Act, R.S. 49:950 et seq., the Department of Revenue, Policy Services Division, proposes to amend LAC 61:I.309 relative to the filing of corporation franchise tax returns.

By amending LAC 61:I.309, the Department of Revenue will clarify the requirements for filing short period Louisiana corporation franchise tax returns when there is a change in accounting periods.

Title 61

REVENUE AND TAXATION

Part I. Taxes Collected and Administered by the Secretary of Revenue

Chapter 3. Corporation Franchise Tax

§309. Due Date, Payment, and Reporting of Tax

A. - B. ...

C. Whenever the secretary has granted permission to a corporation to change its accounting period under the provisions of R. S. 47:613, the tax to be paid for the period from the end of the last period for which the tax has already become due until the end of the new accounting period shall be determined by multiplying the ratio that the number of such months bears to 12, times the tax computed for an annual period based on the previous period's closing. All subsequent returns shall be prepared on the basis of the new accounting period.

1. The previous period's closing means the closing of the new accounting period.

2. Example: A taxpayer has been filing Corporation Income and Franchise Tax returns on a FYE June 30 basis. In December 2002, the taxpayer obtains approval to change his accounting year-end to December 31. For franchise tax purposes, a taxpayer will compute the franchise tax due based on its December 31, 2002 information and multiply the tax by 50 percent (6/12). On its prior return, which was based upon the June 30, 2002 balance sheet, the taxpayer paid franchise tax through June 30, 2003. When the taxpayer changes its accounting period to December 31, 2002, the franchise tax is due only for the period July 1, 2003 through December 31, 2003, a period of six months. This short period return will be due April 15, 2003.

D. - H. ...

AUTHORITY NOTE: Promulgated in accordance with R.S. 47:609 and 1511.

HISTORICAL NOTE: Promulgated by the Department of Revenue and Taxation, Income and Corporation Franchise Taxes Section, Office of Group III, LR 6:25 (January 1980), amended LR 11:108 (February 1985), amended by the Department of Revenue, Policy Services Division, LR 28:97 (January 2002), LR 30:468 (March 2004), LR 31:

Family Impact Statement

The proposed adoption of the amendment to LAC 61:I.309, which will provide guidance to taxpayers regarding the requirements for filing short period Louisiana returns when there is a change in accounting periods, should not have any known or foreseeable impact on any family as defined by R.S. 49:972(D) or on family formation, stability

and autonomy. Specifically, the implementation of this proposed Rule will have no known or foreseeable effect on:

1. the stability of the family;
2. the authority and rights of parents regarding the education and supervision of their children;
3. the functioning of the family;
4. family earnings and family budget;
5. the behavior and personal responsibility of children;
6. the ability of the family or a local government to perform this function.

Any interested person may submit written data, views, arguments or comments regarding this proposed Rule to Michael D. Pearson, Senior Policy Consultant, Policy Services Division, Office of Legal Affairs by mail to P.O. Box 44098, Baton Rouge, LA 70804-4098 or by fax to (225) 219-2759. All comments must be received no later than 4:30 p.m., Monday, November 29, 2004. A public hearing will be held on Tuesday, November 30, 2004, at 9 a.m. in the River Room Conference Room on the seventh floor of the LaSalle Building, 617 North Third Street, Baton Rouge, Louisiana.

Cynthia Bridges
Secretary

FISCAL AND ECONOMIC IMPACT STATEMENT FOR ADMINISTRATIVE RULES

RULE TITLE: Corporation Franchise Tax

I. ESTIMATED IMPLEMENTATION COSTS (SAVINGS) TO STATE OR LOCAL GOVERNMENT UNITS (Summary)

The implementation of this proposed amendment to the regulation will have no impact upon any local governmental units.

The implementation of this proposed regulation, which will provide guidance to taxpayers regarding the requirements for filing short period Louisiana corporation franchise tax returns when there is a change in accounting periods, would have no impact on state government costs or savings.

II. ESTIMATED EFFECT ON REVENUE COLLECTIONS OF STATE OR LOCAL GOVERNMENTAL UNITS (Summary)

There will be no effect on state or local revenue collections as a result of this proposed amendment to the regulation. The proposed rule is the same as current practice.

III. ESTIMATED COSTS AND/OR ECONOMIC BENEFITS TO DIRECTLY AFFECTED PERSONS OR NONGOVERNMENTAL GROUPS (Summary)

Corporations that undergo a change in accounting periods are required to file short period corporation franchise tax returns. By amending LAC 61:I.309, the Department will provide guidance to taxpayers regarding the requirements for filing. Because the regulation is the same as current practice, it will ease the filing process by making the filing requirements clear.

IV. ESTIMATED EFFECT ON COMPETITION AND EMPLOYMENT (Summary)

This proposed regulation will have no effect on competition or employment.

Cynthia Bridges
Secretary
0410#043

H. Gordon Monk
Staff Director
Legislative Fiscal Office